

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	Order No.: WN-10-027
	)	
<b>UNIVERSAL BANK</b>	)	Effective Date: September 17, 2010
	)	
West Covina, California	)	
OTS Docket No. 05801	)	
	)	

**ORDER TO CEASE AND DESIST**

**WHEREAS**, Universal Bank, West Covina, California, OTS Docket No. 05801 (the Association), by and through its Board of Directors (Board) has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

**WHEREAS**, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Western Region (Regional Director) is authorized to issue consent orders to cease and desist where a savings association has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

**Cease and Desist.**

1. The Association and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of unsafe or unsound practices that resulted in deteriorating asset quality, ineffective risk management practices, inadequate oversight and

supervision of the lending function, and inadequate policies and procedures at the Association, and in the Association's violation of various regulations, including:

- (a) 12 C.F.R. § 560.160 (Classification of Assets);
- (b) 12 C.F.R. § 560.170 (Credit Administration Practices);
- (c) 12 C.F.R. § 560.172 (Re-evaluation of Real Estate Owned);
- (d) 12 C.F.R. § 562.1 (Accurate and Complete Records);
- (e) 12 C.F.R. § 563.170 (Regulatory Reporting Requirements);
- (f) 12 C.F.R. § 564.3 (Appraisal Requirements); and
- (g) 12 C.F.R. § 230.5 (Disclosures).

2. Within thirty (30) days, the Association shall ensure that all violations of law and/or regulation discussed in the OTS Report of Examination of the Association as of November 9, 2009 (2009 ROE), are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

**Management Evaluation/Management Plan.**

3. Within sixty (60) days, the Current Outside Directors shall prepare and submit to the Board a written report evaluating the performance of the Association's Senior Executive Officers, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Credit Officer, Chief Lending Officer and Compliance Officer (Executive Evaluation Report) that includes:

- (a) an evaluation of each Senior Executive Officer's knowledge, skills, abilities and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of the position;
- (b) an assessment of each Senior Executive Officers': (i) involvement in and responsibility for the practices criticized in the most recent Report of Examination (ROE);

and (ii) ability and commitment to effectively address the deficiencies disclosed in the ROE and to operate the Association in a safe and sound manner in compliance with all applicable laws and regulations; and

(c) recommended changes to the Senior Executive Officer composition.

4. Based on the Executive Evaluation Report and by no later than November 30, 2010, the Board shall submit to the Regional Director, for review, comment and non-objection, an acceptable written Management Plan that addresses the findings of the Executive Evaluation Report and that provides for the Association to have Senior Executive Officers who have demonstrated the ability to effectively manage a savings association in a safe and sound manner and in compliance with applicable laws and regulations.

5. Immediately following receipt from the Regional Director of written notice of non-objection to the Management Plan (with such revisions as may be required by the Regional Director), the Association and its Board shall implement and adhere to the Management Plan. Such Management Plan shall be incorporated into this Order, and any deviation from such Management Plan shall be a violation of this Order.

**Capital.**

6. Effective immediately, the Association shall have and thereafter maintain a Tier 1(Core) Capital Ratio equal to or greater than eight percent (8%) and a Total Risk-Based Capital Ratio equal to or greater than twelve percent (12%) after the funding of an adequate Allowance for Loan and Lease Losses (ALLL).

7. By October 15, 2010, the Association shall submit a written plan to maintain the Association's capital at the levels prescribed in Paragraph 6 (Capital Plan) that is acceptable to the Regional Director. At a minimum, the Capital Plan shall:

- (a) identify the specific sources of additional capital and the timeframes and methods by which additional capital will be raised, as necessary, including specific target dates and corresponding capital levels;
  - (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
  - (c) include detailed quarterly financial projections, including Tier 1 (Core) and Total Risk-Based Capital Ratios, for the period beginning December 31, 2010 and ending December 31, 2013;
  - (d) address the Association's level of classified assets, ALLL, earnings, asset concentrations, liquidity needs, and trends in the foregoing areas; and
  - (e) address current and projected trends in real estate market conditions.
8. Upon receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Association shall implement and adhere to the Capital Plan. A copy of the Capital Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within fifteen (15) days after the Board meeting.
9. On a quarterly basis, beginning with the quarter ending March 31, 2011, the Board shall review the Association's compliance with the Capital Plan. At a minimum, the Board's review shall include:
- (a) a comparison of actual operating results to projected results;
  - (b) detailed explanations of any material deviations;<sup>1</sup> and
  - (c) a discussion of specific corrective actions or measures that have been or will be implemented to address each material deviation.

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<sup>1</sup> A deviation shall be considered material under this Paragraph of the Order when the Association: determines that it needs to adjust its identified sources of additional capital, timeframes, methods, or target dates by which it will raise capital.

10. Within fifteen (15) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 6; (b) the Association fails to comply with the Capital Plan prescribed in Paragraph 7; or (c) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

11. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary liquidation by filing an appropriate application with the OTS in conformity with federal laws and regulations.

12. Upon receipt of notification from the Regional Director, the Association shall implement the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each calendar month following implementation of the Contingency Plan.

**Strategic Plan.**

13. Within thirty (30) days, the Association shall submit a comprehensive long-term Strategic Plan (Strategic Plan) covering at least the period from September 30, 2010 through December 31, 2012, that is acceptable to the Regional Director. The Strategic Plan shall take into account the changes in the financial condition of the Association since the implementation of its current strategic plan, as well as current economic conditions in the markets in which the Association operates. The Strategic Plan shall include quarterly financial data, including, but not limited to, regulatory capital ratios that must support the risk profile of the Association. The Strategic Plan shall establish objectives for the Association's overall risk profile, earnings performance, growth,

balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, product line development, and market segments that the Association intends to promote or develop, together with specific strategies to achieve those objectives.

14. Immediately following receipt of written notification from the Regional Director that the Strategic Plan is acceptable (with such revisions as may be required by the Regional Director), the Association shall implement and adhere to the Strategic Plan.

15. Once the Strategic Plan is implemented, the Association shall operate within the parameters of that plan. Any material deviation<sup>2</sup> from the Strategic Plan shall be submitted for the prior written non-objection of the Regional Director at least thirty (30) days before the implementation of the proposed change.

16. Within forty-five (45) days after the close of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review a written quarterly variance report (Strategic Plan Variance Report) on the Association's compliance with the Strategic Plan. The Board's review of the Strategic Plan Variance Report shall be fully documented in the Board meeting minutes.

17. Within forty-five (45) days of the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall provide the Regional Director with a copy of the Strategic Plan Variance Report.

**Classified Asset Reduction Plan.**

18. Within thirty (30) days, the Association shall submit to the Regional Director an updated comprehensive Classified Asset Reduction Plan (Reduction Plan) that is acceptable to the Regional Director. At a minimum, the Reduction Plan shall include:

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<sup>2</sup> A deviation shall be considered material under this Section of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the Strategic Plan; or (b) exceed the level of any activity contemplated in the Strategic Plan or fail to meet target amounts established in the Strategic Plan by more than ten percent (10%).

- (a) targets for the level of classified assets as a percentage of Tier 1 Capital plus Allowance for Loan and Lease Losses (ALLL) and time frames for each such target;
- (b) a description of the manner and methods for reducing the Association's level of classified assets to the targets set therein, including specific individualized workout plans to resolve each classified asset (Asset Workout Plans); and
- (c) supporting documentation for all assumptions and projections.

19. Immediately following receipt of written notification from the Regional Director that the Reduction Plan is acceptable (with such revisions as may be required by the Regional Director), the Association shall implement and adhere to the Reduction Plan.

20. Within forty-five (45) days of the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review a quarterly written asset status report (Quarterly Asset Report). The Board's review of the Quarterly Asset Report shall be fully documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum:

- (a) the current status of all Asset Workout Plans;
- (b) an assessment of the Association's compliance with the Reduction Plan and Asset Workout Plans, including whether revisions or updates to the Reduction Plan or the Asset Workout Plans are warranted to reduce the Association's level of classified assets; and
- (c) a discussion of the actions taken by the Association during the preceding quarter to reduce its level of problem assets.

21. Within forty-five (45) days of the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall provide the Regional Director with a copy of the Quarterly Asset Report.

**Information Technology.**

22. Within sixty (60) days, the Board shall review the Association's internal audit process for Information Technology (IT) to assess its effectiveness and to identify necessary improvements to the process. Within ninety (90) days, the Association shall implement such improvements. At a minimum, such improvements shall include:

- (a) establishing a program to ensure that the deficiencies in the IT audit process that are cited in the OTS 2010 IT Report of Examination (IT ROE) are corrected and that such corrections are appropriately documented;
- (b) providing an effective IT training program for managers of the internal audit function, that increases monitoring skills, technical knowledge, and competency in the internal audit function;
- (c) establishing an IT audit universe, performing a risk assessment of the audit areas, and developing a risk focused audit plan and ensuring adequate audit coverage of all high risk areas; and
- (d) documenting issues tracking, follow up, validation, and closure procedures for all items identified in the internal audit process.

23. Within sixty (60) days, the Association shall establish an effective information security program that complies in all respects with Gramm-Leach-Bliley Act Section 501(b) information security program requirements (Section 501(b)) and applicable regulatory guidance. At a minimum, such program shall:

- (a) provide that management shall complete and submit to the Board at least annually a comprehensive risk assessment covering the Association's operations, as required by Appendix B to 12 C.F.R. Part 570. The Association's existing risk assessment shall be updated to include assessment of risk associated with Fiserv Item Processing, CDs/DVDs,



workstations, and paper documents, and shall reflect all applicable OTS and other regulatory guidance;

(b) provide for tracking and documentation regarding testing of key controls over repositories of customer information; and

(c) establish individual employee responsibility for compliance with Section 501(b).

24. Within sixty (60) days, the Association shall prepare and implement a Business Continuity Plan providing contingency planning for both the recovery of critical systems and the resumption of key business unit functions. The Business Continuity Plan shall reflect the results of an updated Disaster Recovery Risk Assessment that reflects all realistic disaster scenarios, including earthquake, fire, and terrorist threat. The Business Continuity Plan shall, among other requirements: (a) comply with all applicable guidelines; (b) include an updated Pandemic Plan that adequately describes how the Association will handle a pandemic event; and (c) provide for testing and review of the Plan no less than annually.

25. Within sixty (60) days, the Association shall address all pending IT audit and regulatory findings, including those identified in the IT ROE, with management action plans that include a description of the necessary resources and target dates for completion and that clearly delineate management accountability for resolving the issues within the established timeframes.

### **Lending.**

26. The Association shall continue to not make, purchase, or commit to make or purchase any new land or construction loans. Any renewal or modification of land or construction loans in existence as of May 18, 2009 shall be submitted for OTS review and written non-objection prior to funding.

27. The Association shall not initiate any lending product lines that were not engaged in by the Association as of May 18, 2009 without the prior written non-objection of the Regional Director. Such request shall be submitted at least sixty (60) days before the proposed implementation date.

**Brokered Deposits.**

28. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b).

**Growth Restriction.**

29. Effective immediately, the Association shall comply with the requirements of OTS Regulatory Bulletin 3b (RB 3b). Without the prior written approval of the Regional Director, the Association shall not increase its total assets during any quarter in excess of an amount equal to the net interest credited on deposit liabilities during the quarter.

**Transactions with Affiliates.**

30. Effective immediately, the Association shall not engage in any transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which notice is submitted pursuant to this Paragraph, complies with the requirements of 12 C.F.R. § 563.41 and Regulation W, 12 C.F.R. Part 223.

**Management Changes.**

31. Effective immediately, the Association shall comply with the requirements set forth in 12 C.F.R. Part 563, Subpart H.

**Employment Contracts and Compensation Arrangements.**

32. Effective immediately, the Association shall not enter into, renew, extend, or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or

director of the Association, unless it first provides the OTS with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the OTS shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the OTS fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

**Severance and Indemnification Payments.**

33. Effective immediately, the Association shall not make any golden parachute payment<sup>3</sup> or any prohibited indemnification payment,<sup>4</sup> unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

**Capital Distributions.**

34. Effective immediately, the Association shall pay no dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval should be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

**Contracts Outside of the Ordinary Course of Business.**

35. Effective immediately, the Association and its subsidiaries shall not enter into any third-party contracts outside of the normal course of business unless, with respect to each such contract, the Association has: (a) provided the OTS with a minimum of thirty (30) days prior written notice

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<sup>3</sup> The term "golden parachute" is defined at 12 C.F.R. § 359.1(f).

<sup>4</sup> The term "prohibited indemnification payment" is defined at 12 C.F.R. § 3591(l).

of any such proposed contract; (b) determined that the contract complies with the standards and guidelines set forth in Thrift Bulletin 82a (TB 82a); and (c) received written notice of non objection from the Regional Director.

**Board Compliance Committee.**

36. The Association shall continue the use of a Regulatory Compliance Committee comprised of three (3) or more non-employee directors to monitor and coordinate the Association's compliance with the provisions of this Order.

37. Within thirty (30) days, and after the end of each calendar quarter, beginning with the quarter ending September 30, 2010, the Regulatory Compliance Committee shall provide a written progress report to the Board describing the actions taken by the Association to comply with each provision of this Order and the results of all such actions. The Board's consideration of the Regulatory Compliance Committee's progress report for the period, including comments and questions concerning the progress report and additional actions taken or directed by the Board, shall be reflected in the minutes of the Board's meetings.

38. Within forty-five (45) days after the end of each calendar quarter, beginning with the quarter ending on December 31, 2010, a copy of the progress report for the quarter with any revisions or comments by the Board shall be provided to the Regional Director.

39. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the Order.

**Effective Date, Incorporation Of Stipulation.**

40. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Duration.**

41. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

**Time Calculations.**

42. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be calendar based, unless otherwise noted.

43. The Regional Director, or an OTS authorized representative, may extend or shorten any of the time frames set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

**Submissions and Notices.**

44. All submissions, including progress reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

45. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first-class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

(a) To the OTS:

Philip A. Gerbick, Regional Director  
Attn: Timothy J. Lane, Assistant Director  
Office of Thrift Supervision, Western Region  
1551 N. Tustin Avenue, Suite 1050  
Santa Ana, CA 92705-8661  
Facsimile: (714) 796-4710

(b) To the Association:

Frank Chang, Chief Executive Officer  
Universal Bank  
3455 Nogales Street, Second Floor  
West Covina, CA 91792

**No Violations Authorized.**

46. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_/s/  
Philip A. Gerbick  
Regional Director  
Western Region

Date: See Effective Date on page 1

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	
	)	Order No.: WN-10-027
	)	
<b>UNIVERSAL BANK</b>	)	Effective Date: September 17, 2010
	)	
West Covina, California	)	
OTS Docket No. 05801	)	
	)	

**STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Western Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Universal Bank, West Covina, California, OTS Docket No. 05801 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

**WHEREAS**, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

**OTS Findings of Fact.**

3. Based on its November 9, 2009 examination of the Association, the OTS finds that the Association has engaged in unsafe and unsound practices, resulting in deteriorating asset quality, ineffective risk management practices, inadequate oversight and supervision of the lending function, and inadequate policies and procedures, and has violated various regulations, including:
  - (a) 12 C.F.R. § 560.160 (Classification of Assets);
  - (b) 12 C.F.R. § 560.170 (Credit Administration Practices);
  - (c) 12 C.F.R. § 560.172 (Re-evaluation of Real Estate Owned);
  - (d) 12 C.F.R. § 562.1 (Accurate and Complete Records);
  - (e) 12 C.F.R. § 563.170 (Regulatory Reporting Requirements);
  - (f) 12 C.F.R. § 564.3 (Appraisal Requirements); and
  - (g) 12 C.F.R. § 230.5 (Disclosures).



**Consent.**

4. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

**Finality.**

5. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

**Waivers.**

6. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

**OTS Authority Not Affected.**

7. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

**Other Governmental Actions Not Affected.**

8. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

**Miscellaneous.**

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

10. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

11. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

13. The terms of this Stipulation and of the Order represent the final agreement of the parties

with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

14. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

**Signature of Directors/Board Resolution.**

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of the execution of the Stipulation at a duly called board meeting. A copy of the Board Resolution authorizing the execution of this Stipulation shall be delivered to the OTS, along with the executed original(s) of this Stipulation.

**[Remainder of Page Intentionally Left Blank]**

**WHEREFORE**, the Association, by its directors, executes this Stipulation.

Accepted by:

**UNIVERSAL BANK**  
**West Covina, California**

**OFFICE OF THRIFT SUPERVISION**

By:                     /s/                      
Frank Chang, Director

By:   /s/    
Philip A. Gerbick  
Regional Director  
Western Region

Date: See Effective Date on page 1

  /s/    
Neil Cadman, Director

  /s/    
Visman Chow, Director

  /s/    
Percy Duran, Director

  /s/    
Carol Graf, Director

  /s/    
Thomas J. Hauptert, Director

  /s/    
David Robinson, Director

  /s/    
Sidney Schwarz, Director